

4. USER FEES AND OTHER COLLECTIONS

In addition to collecting taxes and other receipts by the exercise of its sovereign powers, which is discussed in the previous chapter, the Federal Government collects income from the public from market-oriented activities and the financing of regulatory expenses. Some of these collections are classified as user fees, which include the sale of postage stamps and electricity, fees for admittance to national parks, and premiums for deposit insurance; and some are other offsetting collections or receipts, such as rents and royalties for the right to extract oil from the Outer Continental Shelf.

Depending on the laws that authorize the collections, the collections can be credited directly to expenditure accounts as "offsetting collections," or to receipt accounts as "offsetting receipts." Usually offsetting collections are authorized to be spent for the purposes of the account without further action by the Congress. Offsetting receipts may or may not be earmarked for a specific purpose, depending on the legislation that authorizes them, and the authorizing legislation may either authorize them to be spent without further action by the Congress, or require them to be appropriated in annual appropriations acts before they can be spent.

The budget refers to them as offsetting collections and offsetting receipts, because they are subtracted from gross outlays rather than added to taxes on the receipts side of the budget. The purpose of this treatment is to produce budget totals for receipts, outlays, and budget authority in terms of the amount of resources allocated governmentally, through collective political choice, rather than through the market.¹

Offsetting collections and receipts include most user fees, which are discussed below, as well as some amounts that are not user fees. Table 4-1 summarizes these transactions. For 2002, total offsetting collections and receipts from the public are estimated to be \$222.1 billion, and total user fees are estimated to be \$143.8 billion.

The following section discusses user fees and the Administration's user fee proposals. The subsequent section displays more information on offsetting collections and receipts. The offsetting collections and receipts by agency are also displayed in Table 20-1, "Outlays to the Public, Net and Gross," which appears in Chapter 20 of this volume.

Table 4-1. GROSS OUTLAYS, USER FEES, OTHER OFFSETTING COLLECTIONS AND RECEIPTS FROM THE PUBLIC, AND NET OUTLAYS

(In billions of dollars)

	2000 Actual	Estimate	
		2001	2002
Gross outlays	2,002.9	2,079.2	2,182.7
Offsetting collections and receipts from the public:			
User fees ¹	129.5	134.0	142.3
Other	84.6	88.9	79.8
Subtotal, offsetting collections and receipts from the public	214.1	223.0	222.1
Net outlays	1,788.8	1,856.2	1,960.6

¹ Total user fees are shown below. They include user fees that are classified on the receipts side of the budget in addition to the amounts shown on this line. For additional details of total user fees, see Table 4-2. "Total User Fee Collections."

Total user fees:			
Offsetting collections and receipts from the public	129.5	134.0	142.3
Receipts	1.3	1.4	1.5
Total user fees	130.8	135.5	143.8

¹ Showing collections from business-type transactions as offsets on the spending side of the budget follows the concept recommended by the 1967 *Report of the President's Commis-*

sion on Budget Concepts. The concept is discussed in Chapter 25: "Budget System and Concepts and Glossary" in this volume.

USER FEES

I. Introduction and Background

The Federal Government may charge user fees to those who benefit directly from a particular activity or those subject to regulation. According to the definition of user fees used in this chapter, Table 4–2 shows that user fees were \$130.8 billion in 2000, and are estimated to increase to \$135.5 billion in 2001 and to \$143.8 billion in 2002, growing to an estimated \$171.3 billion in 2006, including the user fee proposals that are shown in Table 4–3. This table shows that the Administration is proposing to increase user fees by an estimated \$0.6 billion in 2002, growing to an estimated \$1.5 billion in 2006.

Definition. The term “user fee” as defined here is fees, charges, and assessments levied on a class directly benefitting from, or subject to regulation by, a government program or activity, and to be utilized solely to support the program or activity. In addition, the payers of the fee must be limited to those benefitting from, or subject to regulation by, the program or activity, and may not include the general public or a broad segment of the public. The user fee must be authorized for use only to fund the specified programs or activities for which it is charged, including directly associated agency functions, not for unrelated programs or activities and not for the broad purposes of the Government or an agency.

- Examples of business-type or market-oriented user fees include fees for the sale of postal services (the sale of stamps), electricity (e.g., sales by the Tennessee Valley Authority), payments for Medicare voluntary supplemental medical insurance, life insurance premiums for veterans, recreation fees for parks, NASA fees for shuttle services, the sale of weather maps and related information by the Department of Commerce, the sale of commemorative coins, and fees for the sale of books.
- Examples of regulatory and licensing user fees include fees for regulating the nuclear energy industry, bankruptcy filing fees, immigration fees, food inspection fees, passport fees, and patent and trademark fees.

User fees do not include all offsetting collections and receipts, such as the interest and repayments received from credit programs; proceeds from the sale of loans and other financial investments; interest, dividends, and other earnings; cost sharing contributions; the sale of timber, minerals, oil, commodities, and other natural resources; proceeds from asset sales (property, plant, and equipment); Outer Continental Shelf receipts; or spectrum auction proceeds. Neither do they include earmarked taxes (such as taxes paid to social insurance programs or excise taxes), or customs duties, fines, penalties, and forfeitures.

There has been a growth in user fees, and some have been classified by law as offsetting collections when they more appropriately should have been classified as

governmental receipts. The classification of some user fees as an offset to budget authority and outlays do not meet the guidelines established by the 1967 President’s Commission on Budget Concepts that only business-type transactions should be classified as offsetting collections. To the extent these collections are inappropriately classified as an offset to Federal spending, they reduce the size of Federal spending and governmental receipts. The Administration plans to monitor and review the classification of user fees and other types of collections.

Alternative definitions. The definition used in this chapter is useful because it identifies goods, services, and regulations financed by earmarked collections and receipts.² Other definitions may be used for other purposes, such as establishing policy for charging prices to the public for goods and services regardless of whether the proceeds are earmarked.

One alternative definition could be the broader concept of user charges, as defined in OMB Circular A–25, “User Charges,” (July 8, 1993). User charges are fees assessed for the provision of Government services and for the sale or use of Government goods or resources. The payers of the user charge must be limited in the authorizing legislation to those receiving special benefits from, or subject to regulation by, the program or activity beyond the benefits received by the general public or broad segments of the public (such as those who pay income taxes or customs duties). The term is broader than user fees as defined in this chapter because user charges encompass proceeds, whether or not earmarked, from the sale or use of government goods and services, including the sale of natural resources (such as timber, oil, and minerals) and proceeds from asset sales (such as property, plant, and equipment).

Other alternative definitions of user fees could, for example:

- be narrower than the one used here, by excluding regulatory fees and analyzing them as a separate category.
- be broader than the one used here, by selecting one or more of the following:
 - eliminating the requirement that fees be earmarked. The definition would then include fees that go to the general fund in addition to those that are earmarked to finance the related activity.
 - including the sale of resources as well as goods and services, such as natural resources (e.g., timber, oil, or minerals) and property, plant, and equipment.

²The definition used here is similar to one the House of Representatives uses as a guide for purposes of committee jurisdiction. The definition helps differentiate between taxes, which are under the jurisdiction of the Ways and Means Committee, and fees, which can be under the jurisdiction of other committees. See the *Congressional Record*, January 3, 1991, p. H31, item 8.

—interpreting more broadly whether a program has private beneficiaries, or whether the proceeds are earmarked to benefit directly those paying the fee. A broader interpretation might include beneficiary- or liability-based excise taxes.³

What is the purpose of user fees? The purpose of user fees is to improve the efficiency and equity of certain Government activities, and to reduce the burden on the taxpayer to finance activities whose benefits accrue to a relatively limited number of people.

User fees that are set to cover the costs of production of goods and services can provide efficiency in the allocation of resources within the economy. They allocate goods and services to those who value them the most, and they signal to the Government how much of the goods or services it should provide. Prices in private, competitive markets serve the same purposes.

User fees for goods and services that do not have special social benefits improve equity, or fairness, by requiring that those who benefit from an activity are the same people who pay for it. The public often perceives user fees as fair because those who benefit from the good or service pay for it in whole or in part, and those who do not benefit do not pay.

When should the Government charge a fee? Discussions of whether to finance spending with a tax or a fee often focus on whether the benefits of the activity are to the public in general or to a limited group of people. In general, if the benefits accrue broadly to the public, then the program should be financed by taxes paid by the public; in contrast, if the benefits accrue to a limited number of private individuals or groups, then the program should be financed by fees paid by the private beneficiaries. For Federal programs where the benefits are entirely public or entirely private, applying this principle is relatively easy. For example, according to this principle, the benefits from national defense accrue to the public in general and should be (and are) financed by taxes. In contrast, the benefits of electricity sold by the Tennessee Valley Authority accrue exclusively to those using the electricity, and should be (and are) financed by user fees.

In many cases, however, an activity has benefits that accrue to both public and to private groups, and it may be difficult to identify how much of the benefits accrue to each. Because of this, it can be difficult to know how much of the program should be financed by taxes and how much by fees. For example, the benefits from recreation areas are mixed. Fees for visitors to these areas are appropriate because the visitors benefit directly from their visit, but the public in general

³Beneficiary- and liability-based taxes are terms taken from the Congressional Budget Office, *The Growth of Federal User Charges*, August 1993, and updated in October 1995. Examples of beneficiary-based taxes include taxes on gasoline, which finance grants to States for highway construction, or taxes on airline tickets, which finance air traffic control activities and airports. An example of a liability-based tax is the excise tax that helps fund the hazardous substance superfund in the Environmental Protection Agency. This tax is paid by industry groups to finance environmental cleanup activities related to the industry activity but not necessarily caused by the payer of the fee.

also benefits because these areas protect the Nation's natural and historical heritage now and for posterity.

As a further complication, where a fee may be appropriate to finance all or part of an activity, some consideration must be given to the ease of administering the fee.

What should be the amount of the fee? For programs that have private beneficiaries, the amount of the fee should depend on the costs of producing the goods or services and the portion of the program that is for private benefits. If the benefit is primarily private, and any public benefits are incidental, current policies support fees that cover the full cost to the Government, including both direct and indirect costs.⁴

The Executive Branch is working to put cost accounting systems in place across the Government that would make the calculation of full cost more feasible. The difficulties in measuring full cost are associated in part with allocating to an activity the full costs of capital, retirement benefits, and insurance, as well as other Federal costs that may appear in other parts of the budget. Guidance in the Statement of Federal Financial Accounting Standards No. 4, *Managerial Cost Accounting Concepts and Standards for the Federal Government* (July 31, 1995), should underlie cost accounting in the Federal Government.

Classification of user fees in the budget. As shown in Table 4-1, most user fees are classified as offsets to outlays on the spending side of the budget, but a few are classified on the receipts side of the budget. An estimated \$1.5 billion in 2002 are classified this way and are included in the totals described in Chapter 3. "Federal Receipts." They are classified as receipts because they are regulatory fees collected by the Federal Government by the exercise of its sovereign powers.

The remaining user fees, an estimated \$142.3 billion in 2002, are classified as offsetting collections and receipts on the spending side of the budget. Some of these are collected by the Federal Government by the exercise of its sovereign powers and would normally appear on the receipts side of the budget, but are required by law to be classified as offsetting collections or receipts.

An estimated \$108.7 billion of user fees for 2002 are credited directly to expenditure accounts, and are generally available for expenditure when they are collected, without further action by the Congress.

An estimated \$33.7 billion of user fees for 2002 are deposited in offsetting receipt accounts, and are available to be spent only according to the legislation that established the fees.

As a further classification, the following Tables 4-2 and 4-3 identify the fees as discretionary or mandatory. These classifications are terms from the Budget Enforcement Act of 1990 as amended and are used frequently in the analysis of the budget. "Discretionary"

⁴Policies for setting user charges are promulgated in OMB Circular No. A-25: "User Charges" (July 8, 1993). These policies are required regardless of whether or not the proceeds are earmarked to finance the related activity.

in this chapter refers to fees generally controlled through annual appropriations acts and under the jurisdiction of the appropriations committees in the Congress. These fees offset discretionary spending under the discretionary caps. "Mandatory" refers to fees controlled by permanent laws and under the jurisdiction of the authorizing committees. These fees are subject to rules of paygo, whereby changes in law affecting mandatory programs and receipts cannot result in a net cost. Mandatory spending is sometimes referred to as direct spending.

These and other classifications are discussed further in this volume in Chapter 25, "Budget System and Concepts and Glossary."

II. Current User Fees

As shown in Table 4–2, total user fee collections (including those proposed in this budget) are estimated to be \$143.8 billion in 2002, increasing to \$171.3 billion in 2006. User fee collections by the Postal Service and Medicare premiums are the largest and are estimated to be almost two-thirds of total user fee collections in 2002.

User fee collections are used to offset outlays in both the discretionary and mandatory parts of the budget. User fee collections classified in the discretionary part of the budget are estimated to be \$17.2 billion in 2002, and those in the mandatory part are estimated to be \$125.1 billion in 2002.

III. User Fee Proposals

As shown in Table 4–3, the Administration is proposing new or increased user fees that would increase collections by an estimated \$0.6 billion in 2002, increasing to \$1.5 billion in 2006.

A. User Fee Proposals to Offset Discretionary Spending

1. Offsetting collections

Department of Agriculture

Animal and Plant Health Inspection Service (APHIS).—The Administration proposes to establish fees to cover the cost of providing animal welfare inspections to recipients of APHIS services such as animal research centers, humane societies, and kennels.

Grain Inspection, Packers and Stockyards Administration (GIPSA) licensing fees.—The budget proposes to charge the grain industry for GIPSA's costs to review and maintain standards (such as grain quality and classification) that are used by the industry.

Department of Health and Human Services

User fees for Medicare providers for processing paper claims and duplicate or unprocessable claims.—The Administration is proposing new user fees for providers

for submitting paper claims and duplicate or unprocessable claims. Under this proposal, providers would be charged \$1.50 for every paper claim submitted for payment. The fee is necessary because processing paper claims is more costly than processing electronic claims. Paper claim fees could be waived for rural and poor providers.

The Health Care Financing Administration and its contractors go to great lengths to ensure that providers are aware of billing requirements and the need to submit accurate claims. Charging a \$1.50 fee for duplicate or unprocessable claims would heighten provider awareness of these issues and increase efficiency by deterring this action.

Fees for export certification of foods and for import program operations.—The Administration is proposing new user fees for export certification of foods and for import program operations. Spending financed by these fees would be in addition to regular appropriations. The Food and Drug Administration currently assesses user fees for non-food regulated products when export certifications are requested by industry.

2. Offsetting receipts

Department of Housing and Urban Development

User fees to finance inspection of manufactured housing.—The Administration is proposing inspection fees that would finance Federal formulation and enforcement of standards in manufactured housing. These fees are authorized by the Manufactured Housing Improvement Act of 2000 and replace fees previously authorized by the National Manufactured Housing Construction and Safety Standards Act of 1974.

Department of Justice

Increase immigration inspection user fees.—Congress established this user fee to cover the full cost of air and sea passenger inspections. The Administration proposes to increase the per passenger inspection fee from \$6 to \$7 and phase out the exemption from the inspection fee for cruise ship passengers—establishing a \$3 fee in 2002. The increase will be used to defray inspection expenses of the Immigration and Naturalization Service.

Department of Transportation

Hazardous materials transportation safety fees.—Beginning in 2002, hazardous materials transportation safety activities previously financed by general fund appropriations to the Research and Special Programs Administration are proposed to be financed instead by an increase in hazardous materials registration fees. Appropriation legislation is proposed to increase the fees paid by shippers and carriers of hazardous materials in 2002 to fund these safety activities.

Table 4-2. TOTAL USER FEE COLLECTIONS
(In millions of dollars)

	2000 Actual	Estimates					
		2001	2002	2003	2004	2005	2006
Receipts							
Agricultural quarantine inspection fees	234	240	246	252	259	266	272
Corps of Engineers, Harbor maintenance trust fund	678	741	781	825	865	900	946
Other governmental receipts user fees	413	469	455	457	464	474	477
Subtotal, governmental receipts	1,325	1,450	1,482	1,534	1,588	1,640	1,695
Offsetting Collections and Receipts from the Public							
Discretionary							
Department of Agriculture: Food safety inspection and other fees	177	189	200	197	197	197	198
Department of Commerce: Patent and trademark, fees for weather services, and other fees	1,156	1,315	1,500	1,616	1,765	1,926	2,137
Department of Defense: Commissary and other fees	7,376	7,353	7,248	7,155	7,155	7,155	7,155
Department of Energy: Federal Energy Regulation Commission, power marketing, and other fees	594	787	1,223	632	621	590	597
Department of Health and Human Services: Food and Drug Administration, Health Care Financing Administration, and other fees	337	276	413	418	428	438	448
Department of the Interior: Bureau of Land Management and other fees	215	231	219	219	219	219	219
Department of Justice: Antitrust and other fees	328	361	548	585	585	585	585
Department of State: Passport and other fees	478	485	490	490	490	490	490
Department of Transportation: Railroad safety and other fees	131	139	216	282	286	292	297
Department of the Treasury: Sale of commemorative coins and other fees	1,833	1,513	1,619	1,697	1,721	1,746	1,772
Department of Veterans Affairs: Medical care and other fees	576	611	623	633	643	653	663
National Aeronautics and Space Administration: Reimbursement for the use of NASA services ..	846	839	881	881	881	881	881
Federal Communications Commission: Regulatory fees	192	200	219	219	219	219	219
Federal Trade Commission: Regulatory fees	106	159	207	207	207	207	207
Nuclear Regulatory Commission: Regulatory fees	447	453	469	475	482	488	506
Panama Canal Commission: Fees for use of the canal	220	.....	.....	.....	.....	.....	.....
Securities and Exchange Commission: Regulatory fees	862	974	983	1,054	1,079	1,200	1,337
All other agencies, discretionary user fees	133	134	175	179	180	185	187
Subtotal, discretionary user fees	16,007	16,019	17,233	16,939	17,158	17,471	17,898
Mandatory							
Department of Agriculture: Federal crop insurance and other fees	895	1,339	1,338	1,402	1,440	1,502	1,563
Department of Defense: Commissary surcharge and other fees	279	277	283	293	277	277	277
Department of Energy: Proceeds from the sale of energy, nuclear regulatory fees, and other fees	4,078	3,703	3,831	3,960	3,907	3,921	3,984
Department of Health and Human Services: Medicare Part B insurance premiums, and other fees	21,916	23,442	27,044	29,905	31,503	35,029	37,951
Department of the Interior: Recreation and other fees	583	630	619	648	652	657	658
Department of Justice: Immigration and other fees	1,480	2,036	1,972	1,906	1,814	1,818	1,823
Department of Labor: Insurance premiums to guarantee private pensions	922	951	845	835	845	843	839
Department of the Treasury: Customs, bank regulation, and other fees	1,881	1,929	1,985	2,046	666	681	693
Department of Veterans Affairs: Veterans life insurance, medical collections, and other fees	1,629	1,674	1,823	1,932	1,883	1,842	1,802
Corps of Engineers: Recreation and other fees	37	36	51	57	62	67	67
Federal Emergency Management Agency: Flood insurance fees	1,475	1,553	1,640	1,808	1,936	2,118	2,343
Office of Personnel Management: Federal employee health and life insurance fees	6,694	7,278	7,974	8,612	9,308	9,987	10,684
Federal Communications Commission: Analog spectrum lease fee .....	.....	.....	200	200	200	200	200
Federal Deposit Insurance Corporation: Deposit insurance fees	759	559	963	1,748	2,552	3,543	5,573
Postal Service: Fees for postal services	63,529	65,498	67,095	69,350	71,500	73,350	75,100
Tennessee Valley Authority: Proceeds from the sale of energy	6,928	6,795	7,127	7,341	7,424	7,675	7,811
All other agencies, mandatory user fees	363	324	312	328	336	347	354
Subtotal, mandatory user fees	113,448	118,024	125,102	132,371	136,305	143,857	151,722
Subtotal, offsetting collections and receipts from the public	129,455	134,043	142,335	149,310	153,463	161,328	169,620
Total, User fees	130,780	135,493	143,817	150,844	155,051	162,968	171,315

Table 4-3. USER FEE PROPOSALS
(Estimated collections in millions of dollars)

	2002	2003	2004	2005	2006	2002-2006
A. USER FEE PROPOSALS TO OFFSET DISCRETIONARY SPENDING						
<i>1. Offsetting collections</i>						
Department of Agriculture						
Animal and Plant Health Inspection Service	5	5	5	5	6	26
Grain Inspection, Packers and Stockyards Administration	4	4	4	4	4	20
Department of Health and Human Services						
User fees for Medicare providers for processing paper claims and duplicate or unprocessable claims	95	90	90	90	90	455
Fees for export certification of foods and for import program operations	20	21	22	23	24	110
<i>2. Offsetting receipts</i>						
Department of Housing and Urban Development						
User fees to finance inspection of manufactured housing	17	17	17	18	18	87
Department of Justice						
Increase immigration inspection user fees	109	109	109	109	109	545
Department of Transportation						
Hazardous materials transportation safety fees	12	22	22	23	24	103
Pipeline safety fees	9	9	9	9	7	43
Railroad safety user fees	55	110	113	116	119	513
Environmental Protection Agency						
Abolish cap on pre-manufacturing notification fees	4	8	8	8	8	36
Nuclear Regulatory Commission						
Extend NRC fees at their 2005 level for 2006 and later					321	321
Subtotal, user fee proposals to offset discretionary spending	330	395	399	405	730	2,259
B. USER FEE PROPOSALS TO OFFSET MANDATORY SPENDING						
<i>1. Offsetting collections</i>						
Federal Emergency Management Agency						
Phase out subsidized premiums for certain flood insurance coverage and remove repetitive loss properties from the flood insurance program	7	26	71	167	302	573
Federal Deposit Insurance Corporation						
State bank examination fees	92	97	101	106	112	508
<i>2. Offsetting receipts</i>						
Department of Agriculture						
Forest Service recreation and entrance fees		38	40	42	44	164
Department of the Interior						
Recreation entrance fees		75	76	74	75	300
Corps of Engineers						
Recreation user fee increases	10	15	20	25	25	95
Federal Communications Commission						
Analog spectrum lease fee	200	200	200	200	200	1,000
Subtotal, user fee proposals to offset mandatory spending	309	451	508	614	758	2,640
Total, user fee proposals	639	846	907	1,019	1,488	4,899

Pipeline safety fees.—This proposal would increase the existing pipeline safety user fees to support increased activities in the Pipeline Integrity Management and the Oil Spill Prevention and Response programs.

Railroad safety user fees.—This proposal would fund Federal Railroad Administration safety inspections and the safety component of the railroad research and development program. The fees would be collected from the primary beneficiaries of these services, the railroad carriers, and be based upon a calculation of their usage as established through regulations. The estimated 2002 collections are 50 percent of the anticipated cost of safety services. In subsequent years these services would be fully funded with user fees.

Environmental Protection Agency

Abolish cap on pre-manufacturing notification fees.—EPA collects fees from chemical manufacturers seeking to bring new chemicals into commerce. These fees are

authorized by the Toxic Substances Control Act and are now subject to an outdated statutory cap. The Administration is proposing authorizing and appropriations language to modify the cap so that EPA can increase fees to fully cover the cost of the program.

Nuclear Regulatory Commission

Extend NRC fees at their 2005 level for 2006 and later.—The Omnibus Budget Reconciliation Act (OBRA) of 1990, as amended, required that the NRC assess license and annual fees that recover approximately 98 percent of its budget authority in 2001, less the appropriation from the nuclear waste fund. Licensees are required to reimburse NRC for its services because licensees benefit from such services.

Under recent amendments to OBRA, the budget authority recovery requirement decreases by 2 percentage points per year until it reaches 90 percent in 2005. After 2005, the requirement reverts to 33 percent per

year. If the 90 percent requirement is not extended beyond 2005, fees would drop from an estimated \$488 million in 2005 to \$185 million in 2006; with the proposed extension at 90 percent, fees would be an estimated \$506 million in 2006, a proposed increase of \$321 million.

B. User Fee Proposals to Offset Mandatory Spending

1. Offsetting collections

Federal Emergency Management Agency

Phase out subsidized premiums for certain flood insurance coverage.—The Administration proposes phasing out subsidized premium rates for vacation homes, rental properties, and other non-primary residences and businesses starting in 2002. FEMA charges many of these policy holders less than actuarial rates, which undermines the financial stability of the insurance program. Rates for primary residences, which represent a majority of policies in the program, would not change under this proposal.

Remove repetitive loss properties from the flood insurance program.—The Administration proposes to remove several thousand properties from the program. These properties have been flooded repeatedly but nevertheless still benefit from subsidized premiums. Starting in 2002, owners of targeted properties may make one more claim for a flood loss. Subsequently, those properties will be ineligible to receive coverage. While net savings from avoided claims are estimated to be significant, the proposal will also generate a PAYGO cost from lost premium revenue as properties are removed from the program.

Federal Deposit Insurance Corporation

State bank examination fees.—The Administration proposes to require the Federal Deposit Insurance Corporation and the Federal Reserve to recover their respective costs for supervision and regulation of State-chartered banks and bank holding companies. The proposal would eliminate the subsidization of State banks by national banks and taxpayers, treat State and federally chartered financial institutions the same, and reduce the incentive for federally-chartered banks to convert to State charters solely to avoid assessments.

Currently, the FDIC pays for its supervision and regulatory expenses with the deposit insurance premiums that all banks pay, including national banks. Additional income from the proposal would be realized as offsetting collections. The Federal Reserve uses its interest earnings to pay its supervision and regulatory costs, consequently transferring less money to the Treasury. Therefore, deposits of earnings by the Federal Reserve, which are classified as governmental receipts, would increase under this proposal. This estimated increase in recoveries is in addition to the amounts shown on Table 4–3.

2. Offsetting receipts

Department of Agriculture

Forest Service recreation and entrance fees.—The Administration proposes to extend for four years, for 2003 through 2006, the current pilot program that allows the Forest Service to collect increased recreation and entrance fees. These receipts would be available for use without further appropriation and are necessary to maintain and improve recreation facilities and services. A similar proposal affects recreation fees for the National Park Service, the Bureau of Land Management, and the Fish and Wildlife Service in the Department of the Interior.

Department of the Interior

Recreation entrance fees.—The Administration proposes to extend for four years, for 2003 through 2006, the current pilot program that allows the National Park Service, the Bureau of Land Management, and the Fish and Wildlife Service to collect increased recreation and entrance fees. These receipts would be available for use without further appropriation, and approximately 60 percent of National Park Service receipts would be used to reduce its deferred maintenance backlog. A related proposal affects recreation fees for the Forest Service in the Department of Agriculture.

Corps of Engineers

Recreation user fee increases.—The Administration proposes to phase in recreation user fee increases with the entire increase available without further legislative action for spending on operation, maintenance, and improvement of the recreation facilities of the Corps of Engineers. Some increases in fee receipts can be accomplished without changes to existing legislation. Other increases will require legislation to increase limits on existing recreation user fees, authorize new fees, or reclassify existing fees. In addition, the Administration recommends extending the recreation demonstration program, which allows recreation fee revenues above a baseline of \$34 million per year to be used by the Corps for operation and maintenance of recreation facilities. The Corps spends about \$250 million per year on these activities.

Recreation fee increases to boost agency expenditures on recreation and maintenance of facilities have been enacted in recent years for other agencies such as the National Park Service in the Department of the Interior and the Forest Service in the Department of Agriculture. A similar proposal affects recreation fees for these programs.

Federal Communications Commission

Analog spectrum lease fee.—The Administration supports establishing a lease fee on commercial television broadcasters' use of the analog spectrum until broadcasters complete the transition to digital broadcasting and return their analog spectrum licenses to the FCC. The proposal would encourage a timely transition to

digital broadcasting and have television broadcasters reimburse the public for use of this scarce resource.

OTHER OFFSETTING COLLECTIONS AND RECEIPTS

Table 4–4 shows that total offsetting collections and receipts from the public are estimated to be \$222.1 billion in 2002. Of these, an estimated \$143.7 billion are offsetting collections credited to appropriation accounts and an estimated \$78.4 billion are deposited in offsetting receipt accounts.

The user fees in Table 4–4 were discussed in the previous section. Major offsetting collections deposited in expenditure accounts that are not user fees are pre-credit reform loan repayments, collections from States to supplement payments in the supplemental security income program, and collections for the Federal Savings and Loan resolution fund. Major offsetting receipts that are not user fees include spectrum auction receipts, military assistance program sales, rents and royalties for oil and gas on the Outer Continental Shelf, and interest income.

Table 4–5 includes all offsetting receipts deposited in receipt accounts. These include payments from one part of the Government to another, called intragovernmental transactions, and collections from the public. These receipts are offset (deducted) from outlays in the Federal budget. In total, offsetting receipts are estimated to be \$428.3 billion in 2002—\$349.9 billion are intragovernmental transactions, and \$78.4 billion are from the public, shown in the table as proprietary receipts and offsetting governmental receipts.

As noted above, offsetting collections and receipts by agency are also displayed in Table 20–1, “Outlays to the Public, Net and Gross,” which appears in Chapter 20 of this volume.

Table 4-4. OFFSETTING COLLECTIONS AND RECEIPTS FROM THE PUBLIC
(In millions of dollars)

	2000 Actual	Estimate	
		2001	2002
Offsetting collections:			
User fees:			
Postal service stamps and other postal fees	63,529	65,498	67,095
Defense Commissary Agency	5,087	5,282	5,209
Federal employee contributions for employees and retired employees health benefits funds	5,263	5,817	6,436
Sale of energy:			
Tennessee Valley Authority	6,928	6,795	7,127
Bonneville Power Administration	2,995	2,732	2,929
All other user fees	17,989	18,229	19,864
Subtotal, user fees	101,791	104,353	108,660
Other offsetting collections:			
Pre-credit reform loan repayments	15,864	15,563	14,847
Supplemental security income (collections from the States)	3,399	3,570	3,665
Federal Savings and Loan Insurance Corporation resolution fund	2,638	1,670	1,102
Other collections	17,672	15,935	15,423
Subtotal, other offsetting collections	39,573	36,738	35,037
Subtotal, offsetting collections	141,364	141,091	143,697
Offsetting receipts:			
User fees:			
Medicare premiums and other charges	21,907	23,433	27,014
All other user fees	5,757	6,257	6,661
Subtotal, user fees	27,664	29,690	33,675
Other offsetting receipts:			
Spectrum auction receipts	150	1,572	1,760
Military assistance program sales	11,362	11,340	11,450
OCS rents, bonuses, and royalties	4,580	6,931	5,884
Interest income	13,207	13,091	13,837
All other offsetting receipts	15,743	19,266	11,800
Subtotal, other offsetting receipts	45,042	52,200	44,731
Subtotal, offsetting receipts	72,706	81,890	78,406
Total, offsetting collections and receipts from the public	214,070	222,981	222,103
Total, offsetting collections and receipts excluding off-budget	150,497	157,439	154,964
ADDENDUM:			
User fees that are offsetting collections and receipts ¹	129,455	134,043	142,335
Other offsetting collections and receipts from the public	84,615	88,938	79,768
Total, offsetting collections and receipts from the public	214,070	222,981	222,103

¹ Excludes user fees that are classified on the receipts side of the budget. For total user fees, see Table 4.1 or Table 4.2.

Table 4-5. OFFSETTING RECEIPTS BY TYPE
(In millions of dollars)

Source	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
INTRAGOVERNMENTAL TRANSACTIONS							
On-budget receipts:							
Federal intrafund transactions:							
Distributed by agency:							
Interest from the Federal Financing Bank	1,974	2,035	2,136	1,830	2,160	2,387	2,535
Interest on Government capital in enterprises	1,867	1,339	1,524	1,187	1,073	1,010	948
DoD retiree health care fund				9,036	9,397	9,773	10,164
Credit subsidy balance transfers		10,637	439	482	667	861	1,059
Other	2,383	1,974	1,988	2,077	2,183	2,280	2,362
Undistributed by agency:							
DoD retiree health care fund				2,943	3,072	3,211	3,355
Total Federal intrafunds	6,224	15,985	6,087	17,555	18,552	19,522	20,423
Trust intrafund transactions:							
Distributed by agency:							
Payments to railroad retirement	3,697	3,215	3,812	3,838	3,838	3,853	3,679
Other	1	1	1	1	1	1	1
Total trust intrafunds	3,698	3,216	3,813	3,839	3,839	3,854	3,680
Total intrafund transactions	9,922	19,201	9,900	21,394	22,391	23,376	24,103
Interfund transactions:							
Distributed by agency:							
Federal fund payments to trust funds:							
Contributions to insurance programs:							
Military retirement fund	15,302	16,089	16,653	17,235	17,839	18,463	19,110
Supplementary medical insurance	65,561	69,777	81,332	88,779	92,549	102,042	110,380
Proposed legislation (non-PAYGO)			-70	-75	-70	-70	-70
Hospital insurance	9,450	8,030	8,596	9,107	9,839	10,560	11,358
Proposed legislation (non-PAYGO)			-106	-304	-461	-662	-821
Railroad social security equivalent fund	141	106	113	124	134	145	152
Proposed legislation (non-PAYGO)			-1	-3	-6	-8	-11
Rail industry pension fund	318	229	234	241	247	254	262
Proposed legislation (non-PAYGO)			-5	-12	-15	-23	-27
Civilian supplementary retirement contributions	21,808	22,056	22,724	23,183	23,869	24,563	25,042
Unemployment insurance	397	466	483	478	478	482	495
Other contributions	518	574	466	443	444	444	474
Subtotal	113,495	117,327	130,419	139,196	144,847	156,190	166,344
Miscellaneous payments	956	1,443	819	864	876	893	912
Proposed legislation (non-PAYGO)			-11	-11	-12	-12	-12
Subtotal	114,451	118,770	131,227	140,049	145,711	157,071	167,244
Trust fund payments to Federal funds:							
Quinquennial adjustment for military service credits		836					
Other	1,078	2,496	1,186	1,214	1,241	1,271	1,303
Subtotal	1,078	3,332	1,186	1,214	1,241	1,271	1,303
Total interfunds distributed by agency	115,529	122,102	132,413	141,263	146,952	158,342	168,547
Undistributed by agency:							
Employer share, employee retirement (on-budget):							
Civil service retirement and disability insurance (CSRDI)	9,611	10,316	10,679	10,585	11,174	11,843	12,547
Proposed legislation (non-PAYGO)				469	482	449	415
CSRDI from Postal Service	6,445	6,768	6,854	6,975	7,111	7,249	7,327
Hospital insurance (contribution as employer) ¹	1,991	2,038	2,127	2,229	2,337	2,470	2,574
Postal employer contributions to FHI	639	655	682	711	742	774	807
Military retirement fund	11,402	11,369	12,166	12,622	13,098	13,567	14,040
Other Federal employees retirement	126	130	134	138	142	147	152
Total employer share, employee retirement (on-budget)	30,214	31,276	32,642	33,729	35,086	36,499	37,862

Table 4-5. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

Source	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Interest received by on-budget trust funds	69,113	73,662	76,317	80,272	84,695	88,974	93,634
Proposed legislation (non-PAYGO)			-1	-76	-162	-261	-359
Total interfund transactions undistributed by agency	99,327	104,938	108,958	113,925	119,619	125,212	131,137
Total interfund transactions	214,856	227,040	241,371	255,188	266,571	283,554	299,684
Total on-budget receipts	224,778	246,241	251,271	276,582	288,962	306,930	323,787
Off-budget receipts:							
Trust intrafund transactions:							
Distributed by agency:							
Interfund transactions:							
Distributed by agency:							
Federal fund payments to trust funds:							
Old-age, survivors, and disability insurance	13,252	12,541	13,734	14,876	16,076	17,230	18,428
Proposed legislation (non-PAYGO)			-140	-418	-645	-921	-1,169
Undistributed by agency:							
Employer share, employee retirement (off-budget)	7,637	7,877	8,917	9,161	9,868	10,706	11,443
Interest received by off-budget trust funds	59,796	68,886	76,086	85,421	95,855	107,348	120,111
Total off-budget receipts:	80,685	89,304	98,597	109,040	121,154	134,363	148,813
Total intragovernmental transactions	305,463	335,545	349,868	385,622	410,116	441,293	472,600
PROPRIETARY RECEIPTS FROM THE PUBLIC							
Distributed by agency:							
Interest:							
Interest on foreign loans and deferred foreign collections	472	771	706	694	688	680	663
Interest on deposits in tax and loan accounts	1,785	1,455	1,340	1,340	1,340	1,340	1,340
Other interest (domestic—civil) ²	9,598	10,865	11,791	12,445	13,323	14,062	14,561
Total interest	11,855	13,091	13,837	14,479	15,351	16,082	16,564
Royalties and rents	1,639	2,298	2,093	2,074	2,096	2,113	2,096
Sale of products:							
Sale of timber and other natural land products	293	445	440	449	439	440	440
Sale of minerals and mineral products	23	32	31	21	27	25	24
Sale of power and other utilities	735	775	690	722	699	681	707
Other	64	58	79	74	64	82	77
Total sale of products	1,115	1,310	1,240	1,266	1,229	1,228	1,248
Fees and other charges for services and special benefits:							
Medicare premiums and other charges (trust funds)	21,907	23,433	27,034	29,896	31,494	35,020	37,942
Proposed legislation (non-PAYGO)			-20	-25	-25	-25	-25
Nuclear waste disposal revenues	702	620	640	625	612	637	621
Veterans life insurance (trust funds)	201	190	179	168	156	142	128
Other ²	2,349	2,750	2,757	2,875	2,926	3,001	3,056
Proposed legislation (PAYGO)			10	128	136	141	144
Total fees and other charges	25,159	26,993	30,600	33,667	35,299	38,916	41,866
Sale of Government property:							
Sale of land and other real property	45	149	458	117	114	114	113
Military assistance program sales (trust funds)	11,362	11,340	11,450	11,470	11,230	11,020	10,940
Other	94	332	192	183	142	171	129
Total sale of Government property	11,501	11,821	12,100	11,770	11,486	11,305	11,182
Realization upon loans and investments:							
Negative subsidies and downward reestimates of credit subsidies	5,007	8,054	818	3,449	3,717	3,749	3,686
Repayment of loans to foreign nations	138	291	70	85	88	94	108
Other	95	67	114	94	90	86	82
Total realization upon loans and investments	5,240	8,412	1,002	3,628	3,895	3,929	3,876

Table 4-5. OFFSETTING RECEIPTS BY TYPE—Continued
(In millions of dollars)

Source	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Recoveries and refunds ²	3,854	3,296	3,352	3,381	3,498	3,680	3,485
Miscellaneous receipt accounts ²	2,876	1,955	1,878	1,884	1,893	1,896	1,906
Total proprietary receipts from the public distributed by agency	63,239	69,176	66,102	72,149	74,747	79,149	82,223
Undistributed by agency:							
Other interest: Interest received from Outer Continental Shelf escrow account	1,352						
Rents, bonuses, and royalties:							
Outer Continental Shelf rents and bonuses	894	505	637	383	322	270	229
Outer Continental Shelf royalties	3,686	6,426	5,247	4,975	4,863	4,701	4,607
Arctic National Wildlife Refuge:							
Proposed legislation (PAYGO)					2,402	2	2
Sale of major assets				323			
Total proprietary receipts from the public undistributed by agency	5,932	6,931	5,884	5,681	7,587	4,973	4,838
Total proprietary receipts from the public	69,171	76,107	71,986	77,830	82,334	84,122	87,061
OFFSETTING GOVERNMENTAL RECEIPTS							
Distributed by agency:							
Regulatory fees ²	3,310	4,134	4,310	4,306	2,432	2,439	2,454
Proposed legislation (non-PAYGO)			71	140	143	147	151
Other	75	77	79	81	84	86	88
Undistributed by agency:							
Spectrum auction proceeds	150	1,572	4,360	9,665	9,670	1,275	680
Proposed legislation (PAYGO)			-2,400	-800	5,300	2,200	4,200
Total offsetting governmental receipts	3,535	5,783	6,420	13,392	17,629	6,147	7,573
Total offsetting receipts	378,169	417,435	428,274	476,844	510,079	531,562	567,234
MEMORANDUM							
Composition of proprietary receipts from the public							
On-budget:							
Federal funds	34,468	39,908	32,162	35,149	38,316	36,805	36,935
Trust funds	34,651	36,115	39,740	42,594	43,928	47,223	50,029
Off-budget	52	84	84	87	90	94	97

¹ Includes provision for covered Federal civilian employees and military personnel.

² Includes both Federal funds and trust funds.